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TAGS: [PREL](#) [PGOV](#) [KNNP](#) [IR](#) [XE](#) [JA](#)  
SUBJECT: IRAN: STATUS OF USG THINKING

Classified By: Classified by EAP PDAS Kathleen Stephens  
for Reasons 1.4 (b) and (d).

[1](#)1. (U) This is an action request cable; see paragraph 8.

[1](#)2. (C) Summary. In response to recent news articles alleging USG pressure on GOJ regarding Azadegan, the Department wants to share with the GOJ the USG's latest thinking on Iran. Post is asked to share the information provided with appropriate interlocutors, and report back reponses. End Summary.

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Background on Japan's situation  
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[1](#)3. (S/NF) Japan chairs the IAEA Board of Governors and has been supportive of the U.S. approach on Iran. Japanese officials and diplomats have provided post and the Department with detailed readouts of Iranian FM Mottaki's meetings with the Japanese Prime Minister and Foreign Minister. During Mottaki's visit to Tokyo last month, PM Koizumi and FM Aso urged Iran to abandon uranium enrichment and fully comply with IAEA requirements. Still, 15 percent of Japan's oil comes from Iran, and Tokyo must weigh its support of nonproliferation against its concerns that China might take over all development of the Azadegan oil fields.

[1](#)4. (U) Japanese newspapers reported April 4 that the USG requested Japan terminate its involvement in the Azadegan Project. In its April 4 edition, Yomiuri cited an unidentified State official in reporting that the USG has decided to ask the GOJ to halt its Azadegan oil field project and to join the U.S. in punitive measures against Iranian financial assets if ongoing UN talks on sanctions against Tehran falter. According to this article, the message will be relayed before Koizumi visits Washington in late June. A similar article ran in the Sankei two weeks ago, saying the USG had informally asked the GOJ to suspend its development in Azadegan.

[1](#)5. (U) The Sankei piece quoted a Department source who is alleged to have said that the Deputy Secretary and U/S Joseph had urged Japan to cancel the Azadegan project because the project's continuation gave Iran the financial means to seek additional nuclear technology.

[1](#)6. (C) Note. Both the Deputy Secretary and U/S Joseph denied this allegation, and press guidance used by A/S McCormack reflected that. End Note.

¶7. (S/NF) A MoFA contact suggested that the worst possible outcome would be for Japan to be seen as bowing to U.S. pressure by pulling out of Azadegan only to watch China quickly take it over. He said a behind-the-scenes approach would be more effective, but hinted that without an alternative to replace the substantial loss in oil imports, the answer might simply be "no." He said he thought Japan had slowed Azadegan development as the nuclear issue moved toward a UNSC referral.

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Action Request  
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¶8. (SBU) Action Request. Post is asked to convey the information in paragraph 9 to appropriate GOJ interlocutors. End Action Request.

¶9. (S/REL JAPAN) Begin Information.

-- We appreciate Japan's support for the March 29 adoption by the UNSC of a Presidential statement; the pressure is on Iran to comply fully within 30 days with all steps called for in the IAEA Board's February 4 resolution.

-- The U.N. Security Council Presidential Statement on Iran demonstrates that the international community is united in its concern over Iran's nuclear program and Iran's efforts to conceal its nuclear activities. Iran is more isolated now than ever and the Security Council has signaled international resolve.

-- The Security Council has joined the IAEA Board in calling on Iran to suspend all enrichment related activity, fully cooperate with the Agency's investigations, and return to negotiations over the long-term status of Iran's nuclear program.

-- Despite the IAEA Board decision in February to report Iran to the United Nations Security Council and repeated calls to suspend its enrichment related activities, Iran is engaged in a determined effort to press ahead as quickly as possible on mastering centrifuge enrichment technology.

-- Iran has introduced UF6 gas, the feed material for centrifuges, into a ten centrifuge cascade to enrich uranium at a pilot plant. This is the beginning of a much larger cascade at this pilot facility.

-- Iran has also openly notified the IAEA that this fall it will begin installing the first 3000 centrifuges at an industrial enrichment plant at Natanz, which is, in fact, designed to hold tens of thousands of centrifuges. Once operational, a cascade of this size would give Iran the capability to produce enough highly-enriched uranium (HEU) for nuclear weapons in less than one year.

-- In the event that Iran does not fully comply with the March 29 UNSC Presidential Statement, we expect to work with Japan and other UNSC members to seek a UNSC resolution invoking Chapter VII authority to require Iran to take the steps called for by the IAEA Board.

-- Failing full compliance, we should consider seeking subsequent UNSCRs that impose targeted sanctions on Iran. These measures would target regime leadership and the nuclear/missile program first. However, in considering such action at the UNSC, we do not seek to harm the Iranian people. Nor do we wish to take the issue away from the IAEA.

-- Indeed, even as the UNSC continues to consider

the Iran issue, we will continue to offer full support for the IAEA's ongoing investigations in Iran. Dr. ElBaradei's February 27 report to the IAEA Board identified a number of unresolved concerns that the IAEA continues to investigate, even in the face of Iran's refusal to fully cooperate. Those unresolved concerns include:

--- The scope and history of Iran's interactions with AQ Khan, including why Iran received information from Khan related to fabrication of nuclear weapons components, and whether Khan provided advanced "P2" centrifuge components to Iran;

--- The history of Iran's plutonium separation experiments;

--- The possibility of undeclared uranium conversion work known as the "Greensalt project", which the USG and the IAEA believe are administratively related to efforts by Iran to modify a missile re-entry vehicle, which the IAEA believes may have "a nuclear military dimension";

--- Efforts by a military affiliated organization, the PHRC, to acquire dual-use materials that have nuclear weapons applications;

--- The history of the PHRC's work at the Lavisan-Shian facility, which Iran razed in 2004 before allowing the IAEA access to the site; and

--- The possibility of a military connection at the formerly-secret G'chine uranium mine.

-- We would also encourage Japan to consider ways to take advantage of its leverage, including by implementing bilateral measures to exert greater pressure on Iran. We are urging the EU, Russia, and others to do the same.

-- We hope that Iran responds to the growing international consensus by suspending its uranium enrichment related activities and fully cooperating with the IAEA. But, if Iran does not, we must be prepared to take the next steps to increase pressure on Iran.

-- UNSC unity is essential to increasing the pressure on Iran. As we move ahead, we will continue to consult closely with you, the EU3, and the remaining Security Council members.

-- We recognize that Japan has energy security interests that we want to address in parallel with the Iran issue, e.g., via bilateral energy dialogues. We rely on Japan to take the correct actions should the UNSC impose sanctions.

-- The U.S. and Japan also must expand international consensus on the regime's nuclear ambitions to address Iran's other threatening policies, particularly its support for terrorism and violent extremism, its meddling with its neighbors, and its human rights abuses.

End Information.  
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